



SNOWY MONARO
REGIONAL COUNCIL

Minutes

Audit, Risk and Improvement Committee Meeting

14 June 2019

**AUDIT, RISK AND IMPROVEMENT COMMITTEE MEETING
HELD IN COMMITTEE ROOM, 81 COMMISSIONER STREET, COOMA NSW 2630**

ON FRIDAY 14 JUNE 2019

MINUTES

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**MINUTES OF THE AUDIT, RISK AND IMPROVEMENT COMMITTEE MEETING
HELD IN COMMITTEE ROOM, 81 COMMISSIONER STREET, COOMA NSW 2630**

**ON FRIDAY, 14 JUNE 2019
COMMENCING AT 10AM**

PRESENT:

Voting Attendees:

Max Shanahan, Chair
Miles Pearson, External Member
John Barbeler, External Member
Adam Vine, External Member (over Video Conference)
Councillor Anne Maslin, Council Member

Non-Voting Attendees:

Peter Bascomb, General Manager
Tarang Kamath, Senior Internal Auditor
Marg Nicholls, Acting Organisational Risk Officer

Guests:

Iliada Bolton, Executive Manager Innovation and Business Development
Matt Payne, Chief Financial Officer
Peter Cannizzaro, Director Corporate and Community Services
Susan Loane, Performance Audit Leader - Audit Office of NSW
Linda Nicholson, Group Manager Asset Management and Engineering Services

Secretariat:

Lisa McKenzie, IBD Administration Officer

1. OPENING OF THE MEETING

The Chair opened the meeting at 10:03am with Acknowledgement of Country and showing respect to the First Custodians of Snowy Monaro Lands.

2. APOLOGIES

Nil

3. DECLARATIONS OF PECUNIARY INTERESTS/CONFLICT OF INTEREST

Nil

4. ADOPTION OF MINUTES OF PREVIOUS MEETING

4.1 AUDIT, RISK AND IMPROVEMENT COMMITTEE MEETING 6 MARCH 2019

COMMITTEE RECOMMENDATION

ARIC21/19

THAT the minutes of the Audit, Risk and Improvement Committee Meeting held on 06 March 2019 are confirmed as a true and accurate record of proceedings.

Moved Mr Pearson

Seconded Mr Barbeler

CARRIED

5. BUSINESS ARISING

5.1 AUDIT, RISK AND IMPROVEMENT COMMITTEE RECOMMENDATIONS

Record No:

Responsible Officer:	Executive Manager Innovation & Business Development
Author:	Senior Internal Auditor
Key Direction:	4. Leadership Outcomes
Delivery Plan Strategy:	10.2 Sound governance practices direct Council business and decision making
Operational Plan Action:	10.2.1 Independent audit and risk framework drives accountability
Attachments:	1. 2019 06 14 - Audit, Risk and Improvement Committee Recommendations
Cost Centre	3136 – Internal Audit

EXECUTIVE SUMMARY

The Audit, Risk and Improvement Committee (Committee) makes resolutions in relation to the reports presented at its meetings. This paper serves to provide a report on the progress of the Committee recommendations.

The following officer's recommendation is submitted for the Audit, Risk and Improvement Committee consideration.

COMMITTEE RECOMMENDATION

ARIC22/19

That the Audit, Risk and Improvement Committee note the progress report on Committee recommendations from the meetings of this Committee.

CARRIED

6. PRESENTATIONS

Nil

7. SPECIAL AGENDA ITEMS

7.1 FRAUD AND CORRUPTION CONTROL

Record No:

Responsible Officer:	General Manager
Author:	Senior Internal Auditor
Key Direction:	4. Leadership Outcomes
Delivery Plan Strategy:	10.2 Sound governance practices direct Council business and decision making
Operational Plan Action:	10.2.1 Independent audit and risk framework drives accountability
Cost Centre	3136 – Internal Audit

EXECUTIVE SUMMARY

Fraud and Corruption Control activities is a standard item on the Audit, Risk and Improvement Committee Agenda. The report advises the Committee of any allegations of fraudulent or corrupt conduct reported to the General Manager or to an external body such as ICAC.

The following officer's recommendation is submitted for Audit, Risk and Improvement Committee consideration.

COMMITTEE RECOMMENDATION

ARIC23/19

That the Audit, Risk and Improvement Committee note the General Manager's verbal report on Fraud and Corruption Control.

CARRIED

7.2 GENERAL MANAGER REPORT

Record No:

Responsible Officer:	General Manager
Author:	Senior Internal Auditor
Key Theme:	4. Leadership Outcomes
CSP Community Strategy:	10.2 Sound governance practices direct Council business and decision making
Delivery Program Objectives:	10.2.1 Independent audit and risk framework drives accountability
Cost Centre	3136 – Internal Audit

EXECUTIVE SUMMARY

The Audit, Risk and Improvement Committee, at its meeting on 5 December 2018, requested (Resolution No. ARIC97/18) *that a verbal report by the General Manager regarding Council plans and direction be included in all meetings as a standard agenda item.*

The following officer's recommendation is submitted for Council's consideration.

COMMITTEE RECOMMENDATION

ARIC24/19

That the Audit, Risk and Improvement Committee receive and note the information in the verbal report provided by the General Manager.

CARRIED

Attendance of Executive Manager Innovation and Business Development

Executive Manager Innovation and Business Development joined the meeting at 10:34am during Item 7.2 General Manager Report.

7.3 STATUS REPORT - RISK MANAGEMENT - MARCH TO MAY 2019

Record No:

Responsible Officer:	Executive Manager Innovation & Business Development
Author:	Acting Organisational Risk Officer
Key Direction:	4. Leadership Outcomes
Delivery Plan Strategy:	10.2 Sound governance practices direct Council business and decision making
Operational Plan Action:	10.2.1 Independent audit and risk framework drives accountability
Attachments:	1. Action and Task Progress Report - Enterprise Risk
Cost Centre	3135 – Risk Management
Project	Operational Report

EXECUTIVE SUMMARY

This status report provides an update on the activities relating to Enterprise Risk for the period March to May 2019.

The position of Organisation Risk Coordinator is vacant and a seconded part time resource is undertaking some of the critical work while recruitment is underway.

The following officer's recommendation is submitted for the ARIC Committee's consideration.

COMMITTEE RECOMMENDATION

ARIC25/19

That the Audit, Risk and Improvement Committee receive and note the information in the risk management status report for the period March to May 2019.

CARRIED

Attendance of Senior Internal Auditor

Senior Internal Auditor was absent from the meeting from 10:55am during Item 7.3 Status Report - Risk Management - March to May 2019 returning at 10:57am during same Item.

Attendance of Chief Financial Officer

Chief Financial Officer joined the meeting at 11am during Item 7.3 Status Report - Risk Management - March to May 2019.

Attendance of Director Corporate and Community Services

Director Corporate and Community Services joined the meeting at 11:02am during Item 7.3 Status Report - Risk Management - March to May 2019.

Attendance of Executive Manager Innovation and Business Development

Executive Manager Innovation and Business Development left the meeting at 11:05am at the conclusion of Item 7.3 Status Report - Risk Management - March to May 2019.

7.4 QUARTERLY BUDGET REVIEW STATEMENT (QBRS) TO MARCH 2019

Record No:

Responsible Officer:	Director Corporate and Community Services
Author:	Chief Financial Officer
Key Direction:	4. Leadership Outcomes
Delivery Plan Strategy:	11.2 Council utilises sound fiscal management practices, pursues and attracts other sources of income
Operational Plan Action:	11.2.2 Provision of statutory reporting enables our leaders to make decisions on Council's financial sustainability
Attachments:	1. Quarterly Budget Review - March 2019
Cost Centre	4010 Financial Services

EXECUTIVE SUMMARY

Council adopted its 2019 Operational Plan on the 28 June 2018, including details of Estimated Income and Expenditure. The September 2018 Quarterly Budget Review Statement (QBRS) was adopted by council on 6 December 2018, the December 2018 QBRS was adopted on 21 February 2019 and the March 2019 QBRS was adopted on 16 May 2019.

The following officer's recommendation is submitted for the Audit Risk and Improvement Committee's consideration.

COMMITTEE RECOMMENDATION

ARIC26/19

That Audit, Risk and Improvement Committee

- A. Receive and note the Council adopted March 2019 Quarterly Budget Review Statement.
- B. Recommend that an up-to-date Financial Statement Preparation Plan with progress tracking is circulated out of session.

Moved Chair Shanahan

Seconded Mr Pearson

CARRIED

9.1 LANDFILL LEGACY SITE REMEDIATION COST ESTIMATE AND FORECASTING

Record No:

This item is classified CONFIDENTIAL in accordance with Section 10A(2)(dii and diii) of the Local Government Act 1993, which permits the meeting to be closed to the public for business relating to information that would, if disclosed, confer a commercial advantage on a competitor of the council and information that would, if disclosed, reveal a trade secret.

Responsible Officer:	Director Environment & Sustainability
Authors:	Resource & Waste Administration Officer Group Manager Resource & Waste Management
Key Theme:	3. Environment Outcomes
CSP Community Strategy:	7.1 Protect, value and enhance the existing natural environment
Delivery Program Objectives:	7.1.1 The Region's natural environment remains protected through delivery of a range of Council programs and regulatory compliance
Attachments:	1. Landfill Remediation Cost Estimate and Forecasting - Confidential

EXECUTIVE SUMMARY

At the ELT Meeting on 6 September 2018, the Resource and Waste Management Department presented the results of the Legacy Site Project which included a desktop cost estimate to rehabilitate legacy and operational landfills. The project found fifteen legacy sites (former landfills), six of which are currently operated as transfer stations. ELT recommended ELT447/18(A) *a revised report and attachments to be presented to the Waste Committee recommending adoption, including the recommendations contained in the Landfill Legacy Site Project.*

Last year Meinhardt Infrastructure & Environment Pty Ltd were engaged to provide an independent assessment of the costs associated with rehabilitating fifteen legacy sites and three operational landfill sites. The results of this work have been provided in attachment 1: Landfill Remediation Cost Estimate Forecasting. Meinhardt have identified that it will cost \$31,350,000 (Excluding GST) to rehabilitate the identified Landfill Legacy Sites and an additional \$20,760,000 (Excluding GST) to rehabilitate Council's three operational landfills.

The following officer's recommendation is submitted for Council's consideration.

COMMITTEE RECOMMENDATION

ARIC27/19

That the Audit, Risk and Improvement Committee receive and note the report Landfill Legacy Site Remediation Cost Estimate and Forecasting.

CARRIED

7.5 EXTERNAL PROVIDER RECOMMENDATIONS

Record No:

Responsible Officer:	Executive Manager Innovation & Business Development
Author:	Senior Internal Auditor
Key Theme:	4. Leadership Outcomes
CSP Community Strategy:	10.2 Sound governance practices direct Council business and decision making
Delivery Program Objectives:	10.2.1 Independent audit and risk framework drives accountability
Attachments:	1. Audit Office NSW - Final Management Letter 2016-2017 - Recommendations Progress Report 2. Audit Office NSW - Interim Management Letter 2017-2018 - Recommendations Progress Report 3. Audit Office NSW - Final Management Letter 2017-2018 - Recommendations Progress Report
Cost Centre	3136 – Internal Audit

EXECUTIVE SUMMARY

External Audits are performed at Snowy Monaro Regional Council for various stakeholders. This report serves to inform the Audit, Risk and Improvement Committee (the Committee) of the results of audits performed, progress on recommendations of the audits and relevant information provided by the stakeholders.

The following officer's recommendation is submitted for Audit, Risk and Improvement Committee's consideration.

COMMITTEE RECOMMENDATION

ARIC28/19

That the Audit, Risk and Improvement Committee note the progress reports on recommendations from the Audit Office of New South Wales

- A. Final Management Letter 2016-2017
- B. Interim Management Letter 2017-2018
- C. Final Management Letter 2017-2018

CARRIED

Attendance of General Manager, Director Corporate and Community Services and Chief Financial Officer

General Manager, Director Corporate and Community Services and Chief Financial Officer left the meeting at 11:55am at the conclusion of Item 7.5 External Provider Recommendations.

Adjournment of Meeting

At 11:55am the meeting adjourned

Resumption of Meeting

The meeting resumed at 12:07pm

7.6 AUDIT, RISK AND IMPROVEMENT COMMITTEE MEETING DATES FOR FINANCIAL YEAR 2019/2020

Record No:

Responsible Officer: General Manager
Author: Senior Internal Auditor
Key Direction: 4. Leadership Outcomes
Delivery Plan Strategy: 10.2 Sound governance practices direct Council business and decision making
Operational Plan Action: 10.2.1 Independent audit and risk framework drives accountability
Attachments: 1. ARIC Members' Convenient Meeting Dates 2019-20
Cost Centre 3136 – Internal Audit

EXECUTIVE SUMMARY

To confirm the meeting schedule for the Audit, Risk and Improvement Committee for the Financial Year 2019/2020.

The following officer's recommendation is submitted for the Committee's consideration.

COMMITTEE RECOMMENDATION

ARIC29/19

That the Audit, Risk and Improvement Committee confirm meeting dates for the Financial Year 2019/2020 as below:

- A. Thursday, 12 September 2019
- B. Wednesday, 23 October 2019
- C. Thursday, 5 December 2019
- D. Wednesday, 4 March 2020
- E. Friday, 19 June 2020

Moved Chair Shanahan

Seconded Mr Pearson

CARRIED

Attendance of Performance Audit Leader - Audit Office of NSW

Performance Audit Leader - Audit Office of NSW joined the meeting over video conference at 12:18pm at the beginning of Item 7.7 Audit Office of NSW - Performance Audit - Workforce reform in three amalgamated councils.

7.7 AUDIT OFFICE OF NSW - PERFORMANCE AUDIT - WORKFORCE REFORM IN THREE AMALGAMATED COUNCILS

Record No:

Responsible Officer: General Manager
Author: Senior Internal Auditor
Key Theme: 4. Leadership Outcomes
CSP Community Strategy: 10.2 Sound governance practices direct Council business and decision making
Delivery Program Objectives: 10.2.1 Independent audit and risk framework drives accountability
Attachments: 1. Workforce reform in three amalgamated councils
Cost Centre 3136 - Internal Audit

EXECUTIVE SUMMARY

The Audit Office would like to present the findings of its Performance Audit on workforce reform in three amalgamated councils. Snowy Monaro Regional Council was one of the three selected Councils for this audit.

The following officer's recommendation is submitted for Council's consideration.

COMMITTEE RECOMMENDATION

ARIC30/19

That Audit, Risk and Improvement Committee

- A. Receive and note the information presented by the Audit Office of NSW and in the attached report on workforce reform in three amalgamated councils.
- B. Request that a progress report against the implementation plan (including consideration of project governance and risks) of the Corporate Information System project be presented to the Committee at each meeting by the project manager.

Moved Mr Vine

Seconded Mr Barbeler

CARRIED

Attendance of IBD Administration Officer

IBD Administration Officer was absent from the meeting from 12:23pm during Item 7.7 Audit Office of NSW - Performance Audit - Workforce reform in three amalgamated councils returning at 12:25pm during same Item.

Attendance of Performance Audit Leader - Audit Office of NSW

Performance Audit Leader - Audit Office of NSW left the meeting at 12:35pm during Item 7.7 Audit Office of NSW - Performance Audit - Workforce reform in three amalgamated councils.

Attendance of Group Manager Asset Management and Engineering Services

Group Manager Asset Management and Engineering Services joined the meeting at 12:46pm during Item 7.7 Audit Office of NSW - Performance Audit - Workforce reform in three amalgamated councils.

7.8 INTERNAL AUDIT RECOMMENDATIONS

Record No:

Responsible Officer:	Executive Manager Innovation & Business Development
Author:	Senior Internal Auditor
Key Direction:	4. Leadership Outcomes
Delivery Plan Strategy:	10.2 Sound governance practices direct Council business and decision making
Operational Plan Action:	10.2.1 Independent audit and risk framework drives accountability
Attachments:	<ol style="list-style-type: none">1. Audit 16-02 - Fraud Control Health Check - Recommendations Progress Report2. Audit 16-04 - Governance Health Check - Recommendations Progress Report3. Audit 18-19_02 - Payroll Management - Recommendations Progress Report4. Audit 18-19_03 - Investments made by Council - Recommendations Progress Report5. MIR 18-19_01 - Review of Suspicious Vendor Transactions - Recommendations Progress Report
Cost Centre	3136 – Internal Audit

EXECUTIVE SUMMARY

Progress to date on internal audit recommendations is updated by responsible officers in the CAMMS global collaboration system. Internal Audit uses this system to monitor, follow-up and validate progress on recommendations. Prior to each meeting, Internal Audit extracts and prepares a report for the Audit, Risk and Improvement Committee. There are two recommendations that have been completed since the last meeting, 28 recommendations that are not due and three recommendations that are overdue.

The following officer's recommendation is submitted for the Audit, Risk and Improvement Committee's consideration.

COMMITTEE RECOMMENDATION

ARIC31/19

That the Audit, Risk and Improvement Committee

- A. Receive and note the report on internal audit recommendations
- B. Receive and note the recommendation progress reports
 - (a) Audit 16-02 - Fraud Control Health Check (SMRC)
 - (b) Audit 16-04 - Governance Health Check
 - (c) Audit 18-19_02 - Payroll Management
 - (d) Audit 18-19_03 - Investments made by Council
 - (e) MIR 18-19_01 - Review of Suspicious Vendor Transactions
- C. Approve extension to recommendation
 - (a) Audit 16-04 Governance Health Check
 - i. Recommendation 10.2.1.41 Resolution number: 16-04/04 - From 30 Jun 2019 to 31 May 2020
- D. Request interim assurance on maintaining consistency of asset valuation, acquisition, modification and disposal procedures.

Moved Mr Pearson	Seconded Mr Barbeler	CARRIED
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Attendance of Group Manager Asset Management and Engineering Services

Group Manager Asset Management and Engineering Services left the meeting at 1pm during Item 7.8 Internal Audit Recommendations.

Adjournment of Meeting

At 1:01pm the meeting adjourned for lunch

Resumption of Meeting

The meeting resumed at 1:16pm

8. REPORTS

8.1 INTERNAL AUDIT ACTIVITIES - MARCH TO MAY 2019

Record No:

Responsible Officer:	Executive Manager Innovation & Business Development
Author:	Senior Internal Auditor
Key Direction:	4. Leadership Outcomes
Delivery Plan Strategy:	10.2 Sound governance practices direct Council business and decision making
Operational Plan Action:	10.2.1 Independent audit and risk framework drives accountability
Attachments:	<ol style="list-style-type: none">1. DRAFT Internal Audit Strategic Plan 2019-20222. Audit 18-19_02 - Payroll Management - New Internal Audit Report Format3. SMRC ARIC Performance Self-Assessment Results4. Audit 18-19_02 - Payroll Management - Final Internal Audit Report5. Audit 18-19_03 - Investments made by Council - Final Internal Audit Report6. MIR 18-19_01 - Review of Suspicious Vendor Transactions - Executive Summary7. Audit, Risk and Improvement Committee (ARIC) Charter - Resolved by Council on 17 April 2019 (160/19)
Cost Centre	3136 – Internal Audit

EXECUTIVE SUMMARY

This report serves to inform the Audit, Risk and Improvement Committee (the Committee) of the Internal Audit activities for the period March to May 2019.

The following officer's recommendation is submitted for the Committee's consideration.

COMMITTEE RECOMMENDATION	ARIC32/19
That the Audit, Risk and Improvement Committee	
A. Receive and note the information in the report Internal Audit activities for the period March to May 2019.	
B. Approve the draft documents:	
(a) Internal Audit Strategic Plan 2019-2022	

- (b) New Internal Audit Report Format - Audit 18-19_02 - Payroll Management
- C. Receive and note the results of the Audit, Risk and Improvement Committee Performance Self-Assessment
 - D. Receive and note the Internal Audit Reports:
 - (a) Audit 18-19_02 - Payroll Management - Final Internal Audit Report
 - (b) Audit 18-19_03 - Investments made by Council - Final Internal Audit Report
 - (c) MIR 18-19_01 - Review of Suspicious Vendor Transactions - Executive Summary
 - E. Receive and note the Audit, Risk and Improvement Committee Charter approved by Council on 17 April 2019 (Resolution Number 160/19).
 - F. Recommend that Internal Audit be actively involved in a project assurance role and, as appropriate, be included as an observer in steering committee meetings of the Corporate Information Systems project.
 - G. Recommend that Internal Audit provide the Committee with regular assessment of progress and risks on the Corporate Information Systems project.
 - H. Recommend that the Investment Policy and report to Council should include equity investment and any other type of investments.
 - I. Request information on any other investments of Council, if any.
 - J. Request that the reviewed policy and new procedure as recommended in *Audit 18-19_03 - Investments made by Council* once completed be provided to the Committee.

Moved Mr Barbeler

Seconded Councillor Maslin

CARRIED

Attendance of Organisational Risk Officer

Organisational Risk Officer left the meeting at 2:10pm during Item 8.1 Internal Audit Activities - March to May 2019.

Attendance of External Member

Mr Vine left the meeting at 2:32pm during Item 8.1 Internal Audit Activities - March to May 2019.

8.2 AUDIT, RISK AND IMPROVEMENT COMMITTEE SCHEDULE OF REVIEW

Record No:

Responsible Officer:	General Manager
Author:	Senior Internal Auditor
Key Direction:	4. Leadership Outcomes
Delivery Plan Strategy:	10.2 Sound governance practices direct Council business and decision making
Operational Plan Action:	10.2.1 Independent audit and risk framework drives accountability
Attachments:	1. SMRC ARIC Schedule of Review 2017 to 2021
Cost Centre	3136 – Internal Audit

EXECUTIVE SUMMARY

Attached the Schedule of Review for the Audit, Risk and Improvement Committee for information.

The following officer's recommendation is submitted for the Audit, Risk and Improvement Committee information.

COMMITTEE RECOMMENDATION

ARIC33/19

That the Audit, Risk and Improvement Committee note the information contained in the Schedule of Review for the coming periods.

CARRIED

9. GENERAL BUSINESS

Nil

10. NEXT MEETING

Thursday, 12 September 2019

There being no further business the Chair declared the meeting closed at 3:19pm.



CHAIRPERSON

The above minutes of the Audit, Risk And Improvement Committee Meeting of Snowy Monaro Regional Council held on 14 June 2019 were confirmed by Committee at a duly convened meeting on 12 September 2019 at which meeting the signature hereon was subscribed.